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# Foreign Labor Trends

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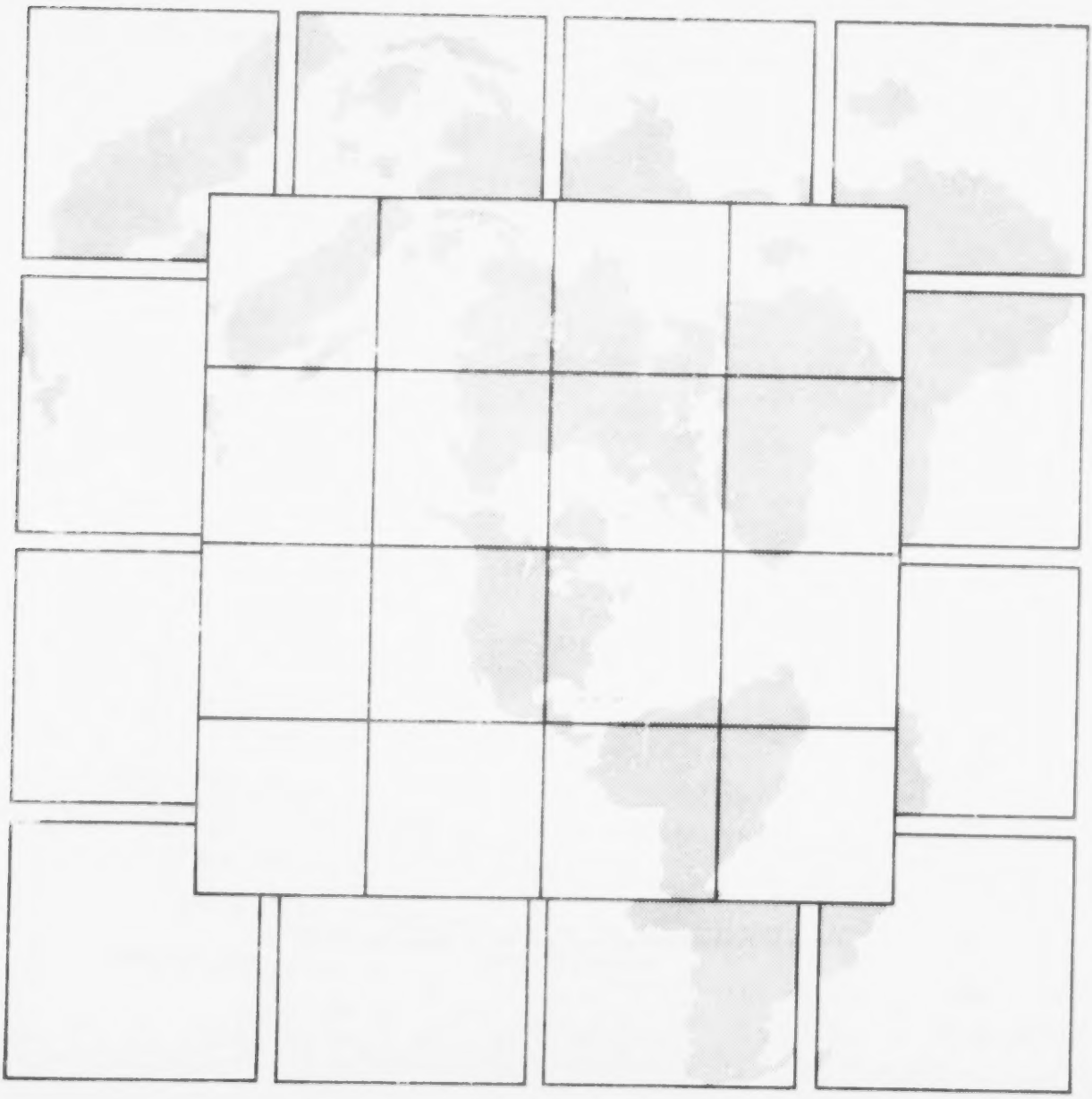

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# LABOR TRENDS IN BELGIUM

## 1987 - 1988

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KEY LABOR INDICATORS

| | 1986 | 1987 | 1988 |
|---|---|---|---|
| 1. Per capita GNP, current prices | | $15,035 | $15,575 |
| 2. Population(000) | | 9,865 | 9,876 |
| Major ethnic groups: | | | |
| 55% Fleming, 33% Walloon | | | |
| Birth rate (per thousand) | 11.9 | | 11. |
| Death rate (per thousand) | 11.3 | | 10. |
| Migration balance | +256 | | -643 |
| Life expectancy, years: | (1976) | (1982) | |
| Male - | 69 | 70 | |
| Female - | 75 | 77 | |
| 3. Adult literacy rate, percent: | | 98 | |
| 4. Labor force, total (000) | | 4,283 | 4,291 |
| ---civilian (000) | | 4,192 | 4,200 |
| 5. Employment, total (000) | | 3,751 | 3,795 |
| ---Private sector (000) | | 2,072 | 2,110 |
| ---Public sector (000) | | 977 | 975 |
| ---Self-employed (000) | | 665 | 673 |
| ---Employed abroad (000) | | 37 | 37 |
| 6. Unemployment rate, %, Sept. | | | |
| Total: | | 12.2 | 11.2 |
| Male: | | 8.6 | 7.6 |
| Female: | | 17.7 | 16.5 |
| 7. Productivity, ind., % change | | 2.0 | 1.7 |
| 8. Work related fatalities | | 198 | 178 |
| 9. Minimum wage rate, Nov., BF | | | 34,731* |
| 10. Avge. hrly. earn. blue coll.(BF): | | | |
| Total industry | 297 | 302 | |
| Mining | 333 | 334 | |
| Construction | 291 | 193 | |
| Manufacturing | 296 | 301 | |
| Avge.mnthly. earn. wht. coll.(BF) | | | |
| Total industry | 73,100 | 73,800 | |
| Mining | 69,100 | 67,100 | |
| Construction | 68,500 | 69,200 | |
| Manufacturing | 73,700 | 74,500 | |
| 11. Labor cost index in mfr. ind. (March) | | | |
| 1970=100 | 217.7 | 215.0 | 212.4 |

KEY LABOR INDICATORS (continued)

| | 1986 | 1987 | 1988 |
|---|---|---|---|
| 12. Soc. sec. contr.,% gross wage: | | | |
| Blue collar: employer | | 74.21 | 74.24 |
| ---employee | | 14.91 | 14.91 |
| ---total | | 89.12 | 89.15 |
| White collar, employer | | 65.15 | 65.62 |
| ---employee | | 15.00 | 15.00 |
| total | | 80.15 | 80.62 |
| 13. Avge. hrs. work/week in ind. | | 38.2 | |
| 14. Unionization of labor, percent: | 70 | | |
| 15. Rate of change, consumer prices | | 1.6 | 1.3 |
| 16. Trade with the U.S., $billions | | | |
| Export to the U.S. | | 4.5 | |
| Import from the U.S. | | 4.0 | |

*US$1=BF36

## SUMMARY

In 1987 the Belgian economy could not sustain the growth rate of the previous year, declining from 2.8 to 1.8 percent. Labor costs to employers increased slightly over the previous year. Because of demographic developments, the working aged population continued to decline. Expansion in total employment slowed down after two years of growth. An estimated 2,000 public employees lost their jobs because of budget cuts, while another 9,000 lost their jobs because of the discontinuation of some government programs. The private sector added 16,000 new jobs. The decline in unemployment continued, dropping from 12.3 percent in 1986 to 11.5 in 1987. The 1987 consumer price index rose by 1.6 percent, an increase over the previous year. Total employer compensation per employee at constant prices rose by 1.7 percent, compared to 1 percent the previous year.

During the first half of 1987 the Cabinet was understandably under the constant fire from the Socialist unions, which have connection with the Socialist opposition parties. More significant was the mounting criticism from the francophone Catholic Workers Movement (MOC) and its Flemish counterpart the ACV, the political arm of Catholic labor which had been historically close to the Martens Center-Right Government. It was the Cabinet's goal to reduce the budget deficit, which had been 12 percent of the gross national product (GNP) in 1985, and 10.9 percent in 1986, to 8.1 percent in 1987. At the end of negotiations the Government fixed the budget deficit at BF 405 billion or 7.4 percent of the GNP. It based these figures on a real economic growth of 1.9 percent and 2 percent inflation. To reach its goal the Government proposed a package of BF 20.9 billion additional savings and BF 11.3 billion in extra revenues. On March 11 during the 1987 budget review, Minister Verhofstadt had produced a five year plan to privatize the state credit institutions, the Nation Investment Agency, the public natural gas company, Sabena airlines, the postal service and telecommunications, and the cross-channel ferries. These measures angered both the Socialist and Christian public service unions, who argued that these measures would lead to further layoffs and wage cuts.

On October 19 the King accepted the resignation of the Martens VI center-right Cabinet. The Government had failed to reach an agreement on the Fourons, a municipality located in the Flemish Region whose francophone mayor had refused to speak Dutch in

office, the official language of the region. In the ensuing preliminary elections, the two Christian Democratic parties lost seats, while the Socialist parties substantially reinforced their position. The center-right coalition was unable to control the parliament. On January 15, 1988, in a new look of solidarity the Christian and Socialist unions issued a joint statement, in which they cautioned whatever government would be formed that the unions' major concern was unemployment. They added that they would oppose any further cuts in social security benefits.

During the first half of 1987 collective bargaining agreements were negotiated in the private sector. This was the result of the 1986 national collective bargaining agreement which restored free bargaining after four years of direct government intervention. The minimum wage was raised and the sectors were free to seek ways to implement the 38-hour work week. On October 24, the Government concluded a collective bargaining agreement for the public sector with the Catholic and Liberal public sector unions. The Socialist refused to sign on. During the year several American companies such as Memorex and UNISYS closed down their operations in Belgium, leading to some labor unrest. Three of the last five coal mines operating in Belgium closed down, resulting in the early retirement of 9,796 miners.

On August 1, 1987, Willy Peirens became the new President of the Catholic Trade Union Confederation CSC/ACV, Belgium's largest trade union central, replacing Jef Houthuys who had reached retirement age. While Houthuys had been a strong supporter of the Martens VI center-right government, Pierens made it clear that his mission was to support labor across the board and not political parties. His closer working relationship with the Socialist confederation was a reflection of this philosophy. Among the Socialist, Francois Janssens is often mentioned as the man who will likely replace Andre Vanden Broucke when elections occur in 1989. Overall there appears to be among unions, at least, a closer working relationship than is seen among the various political parties in the country, who reflect a growing separation of the two linguistic groups.

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## THE ECONOMY

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In 1987 the Belgian economy could not sustain the growth rate of the previous year. The growth of the GNP slowed down from 2.8 percent to 1.8 percent. The expansion of the economy was

impeded by the limitation of government spending, which resulted from the implementation of the May 1986 budget plan. This reduction in central government spending was offset partially by the high rate of investment by local governments. Activity in the housing industry remained low. The buildup of stocks by private companies no longer contributed to growth. Private consumption continued high as a result of noticeable increase in purchasing power which occurred the previous year.

Production increases lagged in agriculture, forestry, and fisheries and in the public and private services sector. But in the construction industry, where business conditions improved as the year went on, activity increased compared to 1987, mainly due to investment in new construction by enterprises. In industry, too, the growth in production increased, but this improvement was due primarily to the electricity, gas, and water sectors. The value added in the manufacturing industry, on the other hand, rose somewhat more slowly than in 1986; economic conditions in this sector were depressed in the first half of the year, because foreign orders were affected as a result of the severe winter in the Federal Republic of Germany.

Although the growth in activity slowed down, the number of persons employed in enterprises rose for the third year in a row; between the end of June 1986 and the end of June 1987, there were 15,000 new jobs, which is less than the 17,000 of the previous year. These figures apply to both full-time and part-time positions. Some 10,000 public service jobs were lost mainly in the temporary employment programs of the government. In the aggregate, employment only rose by 5,000 units. The working age group decreased because of the post World War I generation leaving the labor market, while the number of youngsters having reached working age decreased. Between June 1986 and June 1987, unemployment dropped by 12,000 units. In December 1987 it was 11. 5 percent of the working population. This was slightly under the December 1986 mark.

Compensation per employee appears to have increased by 1.7 percent in real terms, as compared to 1 percent the previous year. This is partly because employers and trade unions were again allowed to pursue free bargaining practices. The income of the self-employed increased less rapidly than during the previous year. Profit margins developed less favorably, and in agriculture, per capita income actually decreased. Income from property also developed less favorably, owing to the decline in interest rates in Belgium and abroad. The rise in the total primary income of individuals in real terms decreased from 4.7 percent in 1986 to 2.2. percent for 1987. The increase in

disposable income was somewhat lower. For a third time the first 2 percent COLA were withheld and went into a government fund to redress the financial situation of the social security system. This slowed the rise in social security benefits. Labor costs to employers, per person employed, increased slightly more than the previous year.

The Working Age Group

Because of demographic developments, the population of working age dropped again in 1987. The numerically strong generations born right after World War I disappeared from the labor market, while a decreasing number of youngsters reached working age. As a result, the working population decreased by about 7,000. The decrease in the male activity rate substantially contributed to the reduction of the working population in 1987. This was again due to early retirement programs and the exclusion of older unemployed persons from the unemployment records. Moreover, the rise of the female activity rate was smaller than in the previous year and was no longer sufficient to offset the drop in male activity.

Employment

The expansion in total employment was not as great as during the two preceding years. Creation of jobs in enterprises continued at a slightly slower rate than in 1986 (+14,000 units), but this was offset by the loss of 10,000 jobs in non-market services; i.e. the public service, teachers, and persons on public employment programs. An estimated 2,000 public employees lost their jobs because of the budget cuts decided on by the Government in May 1986, and nearly 9,000 because of public employment programs discontinued by the Government. To compensate for these losses the Government decided on a new program called "subsidized persons under contract" which was introduced by the Royal Decree of October 28, 1986. As of 1987 the local authorities were limited to only this program.

The creation of jobs by enterprises took place only in the private sector (+16,000 units), because in the public enterprises, especially in the transport sector, there were further layoffs (-3,000) as a result of the rationalization efforts in progress since 1983.

The employment rise in enterprises was mainly due to market services, where the number of jobs created was similar to the two preceding years. Additional jobs were also created in the

building industry. On the other hand, in industry, especially metal working job losses continued at an even higher rate. In metal construction about 7,000 jobs disappeared. As during the preceding years, part-time employment rose again.

Unemployment

The decline in unemployment, registered since 1985, continued in 1987. As the number of new jobs created was significantly smaller, the reduction in unemployment (-12,000) was not as great as during the preceding years. The seasonally adjusted monthly data indicated that the reduction in unemployment continued throughout the year. The unemployment rate declined from 12.3 percent in December 1986 to 11.5 percent in December 1987. The male unemployment rate fell from 8.5 to 7.9 percent and the female rate from 17.7 to 16.3 percent. A similar decrease can be observed when the older unemployed, whom the Government no longer regards as job-seekers, are included.

To this number of unemployed, 6,000 have to be added representing persons who opted for early retirement, while the number of older unemployed no longer seeking a job increased by 7,000. Furthermore, the number of persons receiving an allowance for complete interruption of their professional career rose by 4,000. These persons, who suspend their work contract, often disappear from the labor market because if they engage in a new professional activity, they no longer qualify for compensation unless they become self-employed. The development of these schemes in 1987, therefore, played a part in slowing down the growth in population of working age. On the other hand, public programs no longer helped to keep up the level of employment as the total number of persons involved in these schemes dropped by 15,000.

The encouraging unemployment figures registered over the last few years are largely due to the Royal Decree of December 29, 1984, by which older long-term unemployed were removed from the unemployment records. The Government argued they could no longer be considered as seeking another job. Had it not been for this measure, statistical unemployment would have fallen not by 80,000 between 1984 and 1987 but only by 14,000. This action is also responsible for the fall in the number of long-term unemployed. Nevertheless, long-term unemployment still represented over 46 percent in 1987. Moreover, the significant reduction in youth unemployment registered since 1984 is due to the decline in population aged between 15 and 25.

Among the other measures implemented by the Government was the continuation of the reduction in social security contributions for employers hiring new employees. Additionally, the various youth training schemes were renewed. These schemes provide part-time schooling/part-time employment. Moreover, the Government decided to increase the premium for long-time unemployed guest workers who decide to leave Belgium.

Inflation

In 1987 the consumer price index rose by 1.6 percent, which is slightly higher than the previous year. In 1986 the fall in inflation was mainly attributable to the decline in energy prices. In 1987 price rise of services slowed down considerably, while there was also a decrease in food prices for the first time since 1960. The limited resurgence of inflation in 1987 was due primarily to the fact that the fall in energy prices did not continue at the same rate as the previous year and due to the faster rise in rents. After having dropped by nearly 20 percent in 1986, consumer prices of energy products went down by 6.9 percent in 1987. This continued fall in prices was partly explained by a reduction in the price of electricity, by a further decline in the exchange rate for the U.S. dollar, and by the delayed effects of the fluctuations in the prices of petroleum products and gas prices. In spite of the legal provisions stipulating that rent rises cannot exceed the inflation rate, rents went up by 4.3 percent in 1987. This rise was attributed to a growth in social housing rents for lower incomes where adjustments were made after years of restrictions, and to poor enforcement of the legislation.

Salaries

In 1987 total employer compensation per employee at constant prices rose by 1.7 percent, compared to 1 percent the previous year. This is the result of the government decision to restore free collective bargaining in private industry, and other social security contributions that were imposed on the employers, including one for the occupational health insurance. Disposable income increased in 1987 by 1.7 percent in real terms. This timid rise was due partly to social benefits which, excluding the lowest benefits, were negatively affected by the non-application of the first 2 percent of cost-of-living increases.

## LABOR AND GOVERNMENT

### Tension Rises Inside the Governing Coalition

During the first half of 1987 the Cabinet was understandably under constant fire from the Socialist unions, which have connections with the social opposition parties. More significant was the mounting criticism from the francophone Catholic Workers Movement (MOC) and its Flemish counterpart ACV, the political arms of Catholic labor which had been close to the Martens center-right governments. Francois Martou, the MOC president, urged the Government to put an end to its austerity policy. The ACV said the Government had to issue a moratorium on social welfare benefit cuts until 1990. It pleaded for higher unemployment compensation and medical benefits for certain categories of beneficiaries and warned that it would strongly oppose new cuts in education. Francophone Christian Democratic (PSC) Vice Premier and Economic Affairs Minister Philippe Maystadt, close to Catholic labor, tried to reduce the tension by pointing out that if the government's austerity measures caused the loss of 18,000 jobs, the ministers would implement measures aimed at creating new employment. Flemish Christian Democratic (CVP) Social Welfare Minister Jean-Luc Dehaene, the spokesman of the ACW on the government benches, said that his party remained in favor of the Government completing its term of office. In fact, Dehaene's statement was meant for the PSC, who seemed to favor so the rumor went, a coalition government with the Socialists. Although the PSC denied these allegations, it strongly opposed additional austerity measures in the educational and social welfare fields.

### The 1987 Budget Adjustment

It was the cabinet's aim to reduce the budget deficit, which had been 12 percent of the GNP in 1985, and 10.9 percent in 1986 to 8.1 percent in 1987. To reach that goal the Government decided on a package of savings which included cuts in the operational budgets for the administration. Within the social security system, funds were transferred to finance the costs of unemployment compensation. The ministers also agreed on additional cuts in the educational allocations. The Government expected to earn BF 2 billion by selling its shares of the Distrigaz (public natural gas company). The ministers agreed that other privatization schemes would be realized by means of bills introduced in Parliament. The governmental plans did not only consist of cuts. For example, some categories of family allowances were raised.

Implementation of the 1986 Budget Plan

The Government had until March 31 to implement the 1986 budget savings by means of special powers executive decrees. One of the most important decisions the Government still had to take was privatization of occupational health insurance, which had a potential of yielding BF 7 billion for the public coffers. However, the employers and private insurance companies had come to the conclusion that privatization would not work. Consequently, the scheme was put off. The Government decided to raise the BF 7 billion by means of a special employers' contribution which allowed the Government to reduce its subsidies to the insurance scheme. Furthermore, the Government took another step toward complete privatization of occupational injury insurance.

Another decision which had been agreed upon in 1986 but had not been implemented was the higher deductible for "technical medical treatment". Social Welfare Minister Dehaene argued that the measure was no longer necessary since the health insurance budget was no longer in the red. Another decision, which had not been implemented, was raising the retirement age for women from age 60 to 65. When announced in 1986, this decision had met strong opposition from the women organizations and the trade unions. Employers and unions discussed the pension issue in the National Labor Council but failed to reach an agreement. The unions alleged that the funds of the pension system allowed reduction of the compulsory retirement age for men from 65 to 60. The Belgian Business Federation (VBO/FEB) endorsed the government's view: i.e., compulsory retirement at age 65 for men and women, with the possibility of retiring at 60 for specific categories. The Federation also proposed compulsory retirement at age 60 for unemployed and disabled, measures which would do away with the early pension system. It also suggested ending the automatic cost-of-living adjustment for pensions.

In the teaching profession, talks on ways to implement the budget cuts failed to take place. On January 23, 1987, the teachers unions organized work stoppages to put pressure on the Government. However, in March the Government decided to continue the 1986 austerity measures without further consultation with educators. No significant actions by the teachers' unions occurred later during the year.

## The Summer Budget Talks and the 1988 Budget

When the budget talks started on July 17, Budget Minister Verhofstadt (PVV) estimated total expenditures at BF 1,909.6 billion and total revenues at BF 1,479.2 billion, leaving a budget deficit of BF 434.4 billion or 7.9 percent of the GNP. Verhofstadt proposed reducing the deficit further to 7.1 percent or BF 390 billion. This meant that the ministers would have to agree on an additional BF 44.4 billion in savings. Verhofstadt alleged that a more rigid implementation of the 1986 savings plan would have brought the 1988 deficit close to the 7 percent target. In that respect, he pointed at Social Welfare Minister Dehaene who, Verhofstadt alleged, had only realized BF 1.6 billion of the BF 9.6 billion he was supposed to save. At the end of their negotiations, the Government fixed the budget deficit at BF 405 billion or 7.4 percent of the GNP. It based its figures on a real economic growth of 1.9 percent and 2 percent inflation. To reach its goal the Government proposed a package of BF 20.9 billion additional savings and BF 11.3 billion extra revenue. The Government's savings plan contained the following elements:

- Newly retired civil servants would receive their pension at the end of the month;
- Reduction of the subsidies to the wage and salary earners' pension administrative services;
- Stricter control of part-time workers drawing unemployment compensation;
- Reduction of the subsidies to the health and disability insurance;
- Reshuffling of the public debt;
- Hiring freeze in public administration.

The extra revenue would be generated by means of:

- The sale of gold ECU-denominated coins in the United States and Canada;
- Toll on foreigners using Belgian highways;
- Sale of certain state-owned companies.

The Tax Reform

Part of the 1988 budget was also a new tax proposal. By 1993, at full implementation, the tax reform would cost the treasury BF 88.7 billion per year in revenue. Among the most important decisions were:

- separate taxation of working couples;
- indexation of the different tax brackets;
- a substantial tax reduction for families with three or more children;
- the 14 tax rates reduced to 7 in 1989, to 6 in 1990 and 1991, and 5 in 1992;
- tax exemption thresholds raised to an annual income of BF 150,000 for singles and to 260,000 for households.

To finance the reform, the Government proposed to cut the deductions that can be made before taxation. In particular, the Government decided to reduce the lump sum deduction for wage and salary earners from BF 125,000 to BF 75,000. Moreover, for corporations there was a substantial reduction in deductibility of investments. The Government believed that by cutting the tax deductions it would raise BF 44,8 billion. The other half, the Government argued, would have to come from supply-side economics.

After the summer, the newly installed ACV/CSC union leaders immediately struck a very critical tone about the Government's tax reform. It was the first public message of the new Catholic labor leaders, and it certainly did not go unnoticed. They said that although the Government had taken into account the ACV/CSC concern for larger families, the reform was most favorable to the rich, and that, in more general terms, the precarious state of the public finance did not allow such a reform. This criticism was shared by the Socialist unions.

Privatization

On March 11, during the 1987 budget review, Minister Verhofstadt had produced a five year plan to privatize the state credit institutions, the National Investment Agency, the public natural gas company Distrigaz, Sabena (the Belgian airlines), post and telecommunications, and the cross-channel ferries. Minister Verhofstadt claimed this would yield BF 25 billion. His plan was strongly attacked by the Christian

Democratic coalition parties, the Socialist opposition, and the unions. As a first step toward privatization, the Government decided that the capital increase of the National Investment Agency would be done by attracting private funds, while the Government would sell its Distrigaz shares. (This sale was not implemented in 1987).

The privatization issue pitted the Flemish Liberals (PVV), the champions of free market economy, against the other parties in the majority coalition. Surprisingly, the francophone Liberals (PRL) gave only lukewarm support to Verhofstadt's privatization scheme. One of the first measures actually implemented was the partial privatization of the Zaventem Airport Authority. On July 10, Communications Minister De Croo (PVV) obtained the cabinet's approval to create the Brussels Airport Terminal Company (BATC), which would operate the Zaventem airport facilities. Shareholders of the new company were the Airport Authority itself, various banks, and financial holding companies.

During the summer when the ministers announced the 1988 budget, a limited program of selling state-owned companies was attached. The ministers identified three groups of companies that would be affected: the postal services, telecommunications, and the Airport Authority; and the National Railroads would be given greater autonomy and freedom of management but would remain completely state-owned. A second group of companies would be allowed to go public for capital increases, as long as the State retained a 50 percent interest. This list included the state credit institutions, the Belgian airlines (SABENA), and the National Investment Agency. A third group of companies would be sold outright, including the cross-channel ferries, the national gas distribution company Distrigaz, and the Mortgage Loan Bureau. According to the government's estimations, its privatization plan would yield BF 7 billion in 1988.

These measures angered both the Socialist and Christian public service unions in particular. They argued that after the wage cuts of 1986, this was a second blow at the public service in two years. The unions claimed that the governmental measures would lead to much higher prices for the services and further layoffs. The unions claimed that, for example, an additional 10,000 jobs would have to go at the railroads between 1988 and 1992.

The Government Crisis

On October 19 the King accepted the resignation of the Martens VI center-right Cabinet. It had failed to reach an agreement on Fourons, a municipality located in the Flemish Region whose Mayor Jose Happart refused to speak Dutch, the official language of the region, in office. In the ensuing parliamentary elections, the two Christian Democratic parties lost seats, while the Socialist parties substantially reinforced their position in Parliament. With only a one seat edge over the opposition in the Senate, the center-right coalition was unable to continue in power.

On January 15, 1988, the two trade union confederations issued a joint statement, in which the unions said that their major concern was unemployment. They added that they would oppose further cuts in social security benefits. They asked the new government to stop the privatization schemes, and they pleaded for a tax reform more favorable for the lower income levels. The two trade union confederations emphasized that this was not a common platform, only a joint statement, but they were pleased that they had managed to find common ground after so many years of estrangement. The unions emphasized that it was not their role to recommend a coalition formula.

During the ensuing months, the two Socialist parties, the two Christian Democratic parties, and the Flemish national Volksunie who were engaged in government formation talks, were able to keep the unions happy as Formateur Dehaene (CVP) included many trade unions' demands in the government program.

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COLLECTIVE BARGAINING

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The Private Sector

During the first half of 1987, collective bargaining agreements were negotiated in the private sector. This was the result of the 1986 national collective bargaining agreement (interprofessional agreement), setting the framework for the various sectors. It was the first such agreement since 1975. The interprofessional agreement restored free bargaining after four years of direct government intervention. The agreement recommended that the various industries use 0.5 percent of total wages for the creation of new jobs. The minimum wage was raised, and the sectors were free to seek ways to implement the 38-hour work week. Wage-indexation was referred to the Central Economic Council for further discussion.

There were fears in employers' circles and on the Government benches that the restored freedom would lead to substantial wage rises after the losses in purchasing power suffered since 1982. Surprisingly, the negotiations between labor and management progressed smoothly during the first half of 1987, without strikes, except for the chemical industry located around the Antwerp port. There were strikes at Polysar, Degussa, BP Chemicals, Amoco Fina, and Exxon Chemicals. In the other sectors, strikes were limited to individual plants, including a few of the larger metal plants (Atlas Copco, Sidmar, Daf and Bosal), a few big department stores (GB-Inno-BM in the Antwerp area), a few enterprises of the glass industry (Glaverbel) and the Belgian airlines Sabena.

Despite the pledge of the employers to seek agreements at the plant level rather than at the branch level, the tradition of sector-level agreements was continued although these sector-level agreements were often very general agreements supplemented by additional bargaining at the plant level.

As for the recommendation to use 0.5 percent of total wages for the creation of new jobs, many sectors decided to continue existing programs. In some cases, the issue was referred to bargaining at the plant level. Nevertheless, some sectors agreed on specific measures. For example, the textile, garments, and furniture sectors agreed on special vocational training programs while in such sectors as garages, food, gas, and electricity, an agreement was reached on additional jobs.

The interprofessional agreement had invited the joint labor-management committees to start negotiations on the 38-hour work week. Despite protests of the organizations defending small businesses, these negotiations went ahead in many sectors. In addition to the many branches which already had the 38-hour week, agreements were reached in metal construction (blue and white collars), in the nonferrous sector (blue collars), the food industry (white collars), in the glass industry, and in the auxiliary white collar joint labor-management committee (for those white collars not covered by any other agreement). It is estimated that through the agreement an additional 60,300 workers went on a 38-hour work week. Only a few major industries resisted the 38 hours drive, namely the construction sector, and hotels, restaurants, bars, and the smaller sectors. Some industries moved beyond the 38 hours, or granted additional days off.

The early pension system was further extended in many branches: blue collars of the nonferrous industry (at age 57), cement (age 58), laundries (55 for women, 57 for men), blue collars of the Antwerp area metal industry (age 55 for women and 58 for men), garages (age 57), furniture (age 57), white collars of the auxiliary sector (age 57), and insurance (age 57). Moreover, some industries decided to use part of the 0.5 percent to supplement the income of those workers opting for early pension. The new collective bargaining agreements contained very few new provisions on part-time work. As for special attention for vulnerable groups, some sectors made an effort for young unemployed. For example, in the auxiliary joint labor-management committee for the white collars, an agreement was reached granting a premium to those employers hiring unskilled unemployed under age 25, for hiring long time unemployed between age 25 and 30, and for hiring young people (between age 25 and 30) who had exclusively worked in government sponsored employment programs.

New work schedules were discussed in a few sectors and often in conjunction with work time reduction. For garage workers an industry-wide agreement was reached. Early in 1988, General Motors workers in Antwerp, under the threat of a plant closure, agreed to a six-day work schedule with employees working four day, ten-hour shifts, with three days off on alternate weekends. Two shifts per day keep the plant operating for 20 hours, six days a week. Many anticipate that the new GM agreement may set a trend in the auto industry.

On wages, the various sectors followed the recommendations of the interprofessional agreement to raise the minimum wage by an annual one percent in 1987 and 1988. As for other wages there were important differences from one sector to another. For example, the blue collars of the textile sector obtained a 3 BF hourly wage rise in 1987 and another 2.5 BF in 1988. On the other hand, the petroleum workers received an hourly rise of BF 12 in 1987 and an additional 1.5 percent in 1988. Needless to say, at plant level these differences were even more noticeable. The chemical industry employers said that they had conceded 8 to 8.5 percent pay rises. In some industries the employees had the choice between either a pay rise or reduction of work time. Because of the high tax burden in Belgium, many collective bargaining agreements contained provisions on additional fringe benefits. As for the cost-of-living adjustment of wages, the employers no longer insisted on having the issue discussed because of the very low inflation rate. In many industries, the job classification was dusted off after five years of wage freezes.

The Belgian Business Federation (VBO/FEB) estimated the cost of all these agreements at between 2.5 and 4.5 percent. Only the chemical industry of the Antwerp area and the gas and electricity distribution industries seemed to have more costly agreements.

The Public Sector

On October 29 the Government concluded a collective bargaining agreement for the public sector with the Catholic and Liberal public service unions. The agreement covered 1987 and 1988. It provided a monthly wage rise of BF 1,000 and a gradual abolishment of the "solidarity withholding" the public service employees were paying since 1982 because of the job security they enjoy. The Socialist Public Service Union (ACOD/CGSP) refused to sign the agreement because, it argued, the pay rise was totally insufficient after the many years of austerity imposed on the public service workers.

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## LABOR DISPUTES

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American Disinvestment

Besides the industrial action in the chemical industry sector as a result of the bargaining over a new contract, another major labor dispute of 1987 involved the American Memorex company (manufacturer of magnetic tapes and disks), which in April announced its intention to considerably reduce activities at its Herstal subsidiary near Liege. It also planned to transfer the subsidiary, together with the company's European headquarters, to the Netherlands. The company first reached an agreement with the Catholic metal and white collar unions but wanted the approval of the Socialists unions. They refused and mounted a plant occupation. As a result, the Memorex management decided to lock out its Herstal work force. The dispute lasted from April to September, when the Socialist unions finally endorsed the agreement which had been reached earlier between management and the Catholics. At the start of the conflict, the Herstal Memorex subsidiary employed a work force of 288, which was reduced to 55 after the agreement.

In October the American computer firm Unisys decided to halt production at its Herstal subsidiary. As in the Memorex situation, the CSC and FGTB disagreed about what sort of action to take. The CSC union officials of Unisys asked the U.S. Embassy's assistance in trying to get Unisys to keep its Liege

plant open. Through a joint effort of creative financing on the part of several Belgian investors and Unisys, a new firm (Trident) was created in mid-January of 1988 as an independent computer parts manufacturing and product repair company. Initially, Trident will be doing a great deal of work on contract for Unisys. The successful sale of its facility in Liege allowed Unisys to avoid having to dismiss its entire work force. Although the owners were only able to keep 300 of the original 495 employees on the job, the new company has plans to work its way back up to 400 within the year.

Other Disputes

On April 23, 1987, some 53 percent of the employees of the electricity company EBES turned down a government mediator's proposal for a new collective bargaining agreement. But because the required two-thirds majority was not reached, the unions decided to end a strike which had lasted six weeks. Among the facilities struck by the EBES workers were the nuclear power plants at Doel (near Antwerp). During the strike the lower level management had first kept the power plants operational, but as it continued the management had to shut down two of the four reactors. Because these nuclear power plants are located near the Netherlands border, the Dutch Government had expressed its concern about safety standards there.

One feature of the 1987 labor disputes is that in an increasing number of conflicts, management turned to the courts to have strikes banned. This was the case for the disputes at Stenuick, Cuivre et Zinc, Memorex, and at the national airline company SABENA. In Belgium, labor conflicts and mediation belong to the domain of the joint labor-management committees, but managers have tried to avoid the often lengthy procedures by calling on the courts. These efforts were supported by the conservative parties, the Flemish PVV and francophone PRL, who in their election campaign platforms called for new legislation on industrial relations. In many of the cases mentioned, the judges ruled that they were not competent to intervene in labor affairs. However, in the Sabena dispute the judge denied the pilots the right to go on strike, while in another case a judge denied picketing rights at the Cora supermarket.

The Limburg Coal Mines

On February 23, 1987, the KS management made public how the contracts of the miners made redundant by the Gheyselinck plan would be terminated. According to the plan, three of the five mines located in the Limburg Province would be shut down. The

miners could opt for termination of their contracts, early retirement, or transfer to the two remaining mines. Miners at the pits that were to be closed down qualified for supplementary severance payment. On February 23 wildcat strikes broke out at the Waterschei and Winterslag mines, organized by a far-left independent miners' committee. The strike spread to the other mines, and the two miners' unions (Catholic and Socialist) decided to recognize the strike. After consultation between management and the unions, it was announced that the miners at those pits which would remain open would also qualify for the supplementary severance pay upon termination of their contract and would also be allowed to opt for a lump sum payment. Once this agreement had been reached, the unions decided to end the strike. The independent miners decided to continue the strike. On April 22 the Eisden miners were the last to resume work. On April 28 it was made public that 9,796 miners had opted to terminate their contract, i.e., 1,500 more than originally planned. On September 11 mining was stopped at the Waterschei mine.

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## THE UNIONS

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### New CSC/ACV Leaders

On August 1, 1987, Willy Peirens became the new national president of the Catholic Trade Union Confederation (CSC/ACV), Belgium's largest trade union central, replacing Jef Houthuys who had reached retirement age. Along with Houthuys, National Secretary Robert Van Depoele retired, and National Secretary Francois Sabic passed away. Andre Maillard, a member of the National Secretariat, also retired. Of the old team, only the Confederation's number two man, Secretary General Robert D'Hondt, and Herve De Cuyper, the National Secretary in charge of the public service, remained in office. The newly appointed national secretaries were Greta D'Hondt, Willy Thys, Andre Daemen, Georges Bristot, and Luk Cortebeeck.

In the new team, Greta D'Hondt was charged with social security issues. Daemen, the former President of the Mineworkers' Union, took over collective bargaining and labor legislation while representing the Confederation on the National Labor Council. Bristot was charged with employment. Willy Thys, the founder of "Solidarite et Participation" (SEP), a francophone Catholic labor sponsored political party, took over Walloon regional affairs. Luk Cortebeeck became Flemish regional affairs Secretary. Willy Peirens, like his predecessor,

remained personally responsible for the Confederation's international relations. (Maurits Walraet, the international affairs expert of the Confederation who handles the international matters on a daily basis, is not a member of the Confederation's executive board).

Whereas Peirens' predecessor, who was a strong supporter of the Martens VI center-right government, often voiced his personal opinion, Peirens made it clear that he would speak only for his organization. Before his first press conference held in September, the confederation's new leaders consulted extensively with the union members. Unsurprisingly, Peirens sounded much more critical towards the Martens center-right government than his predecessor. All observers agreed that the new CSC/ACV leaders would exercise more pressure on the ministers and members of Parliament endorsed by the CSC/ACV than the Houthuys Secretariat had.

On January 1, 1988, the daily newspaper "La Cite", owned by the Catholic Workers Movement (MOC), ceased to appear. Since the paper had a very limited circulation, it had required increasing amounts of MOC funding. The MOC decided to stop publication of the daily and turn the operation into a weekly magazine which required a more limited staff.

The Socialist Trade Union Confederation (FGTB/ABVV)

In mid-March 1988 the congress of the Socialist white collar union (SECTA/BBTK) was held. Setca is one of the strongest unions in the Socialist confederation, and its dynamic president Francois Janssens is often mentioned as the man who will replace Andre Vanden Broucke in 1989 as head of the confederation. Before the Congress Janssens had pleaded for a more positive attitude of his union toward flextime and new technologies which are being introduced at the work place, and he had questioned the effectiveness of strikes in labor disputes. At the end of the Congress, under pressure of the leading Walloon sections of the union, loyalty to the Socialist doctrine was emphasized, but the Flemish sections obtained the introduction of modern managerial techniques inside the union.

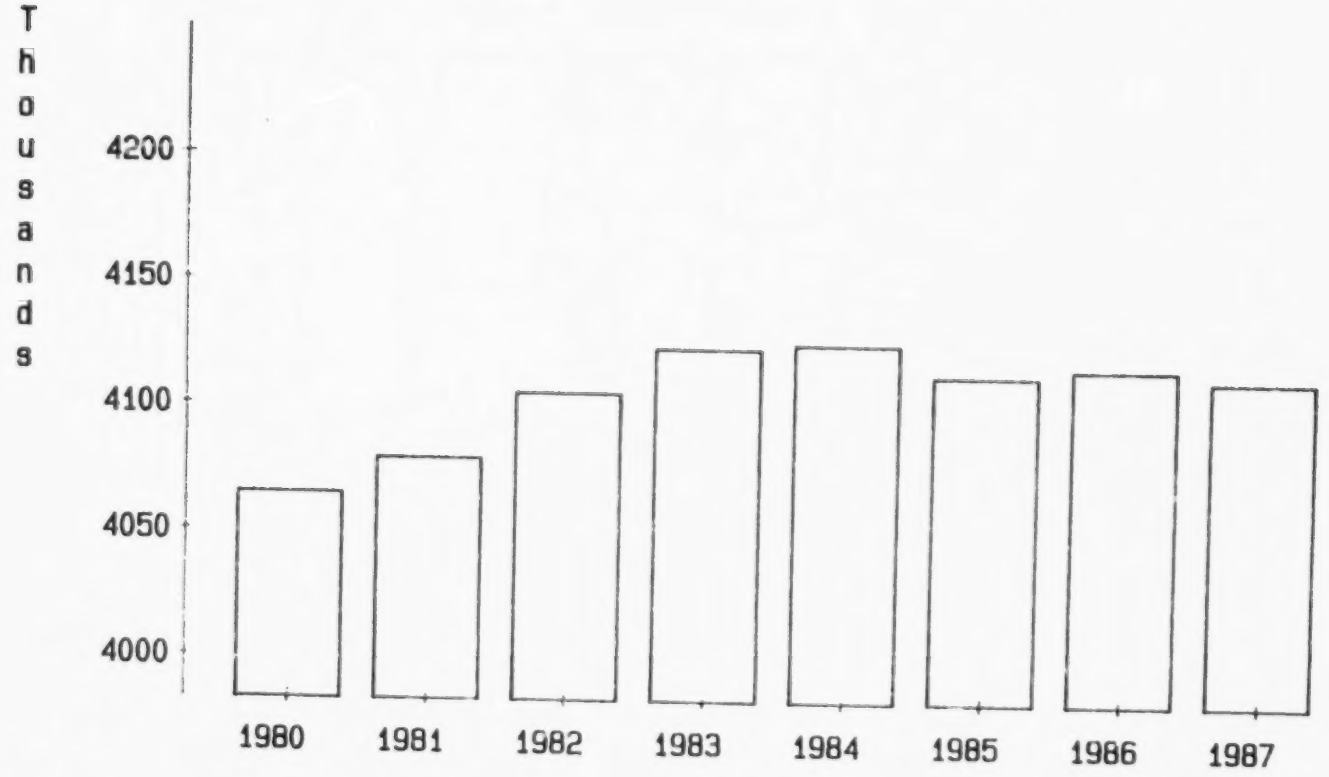
Although Janssens had to compromise with the "traditionalists" inside his union, the Congress did not weaken Janssens' position as "rising star" in the Socialist Confederation. In an interview, Vanden Broucke said that he would not oppose Janssens' candidacy.

## THE MUTUAL AID SOCIETIES

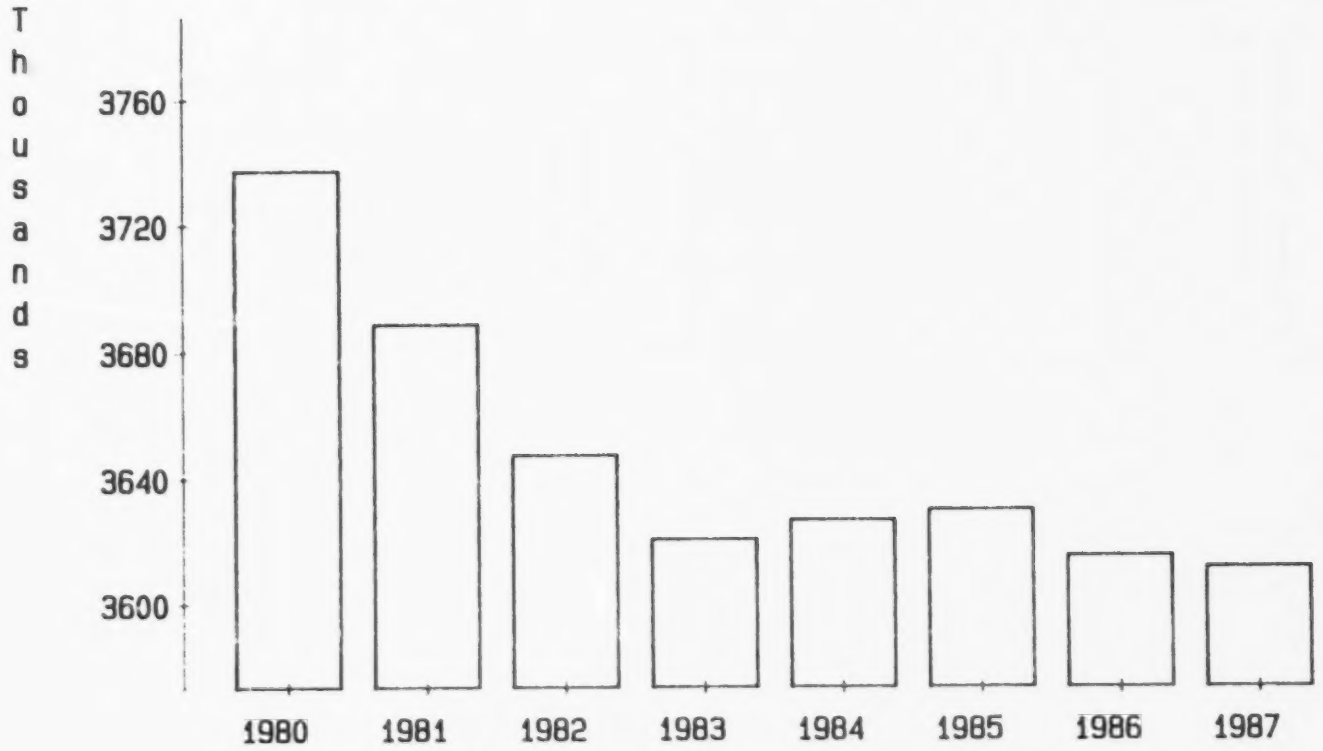
On September 7, 1987, the independent Catholic newspaper "De Standaard" alleged that a preliminary judicial investigation had revealed irregularities in the management of the mutual aid societies. The judicial inquest had started in 1983 following charges pressed by Doctor Wynen, a leader of Belgium's largest professional organization for physicians. Wynen alleged that the mutual aid societies were unlawfully transferring funds from compulsory health insurance receipts to "slush funds". To that effect, Wynen alleged, the societies had falsified their books. He also alleged that the societies were making improper investments.

The mutual aid societies denied these allegations, although Minister of State Willy Claes, a leading SP politician and President of the Socialist Mutual Aid Society, admitted that in the past there had been some irregularities. Social welfare Minister Dehaene announced that he would take the necessary steps to tighten the legislation. During the days this scandal was in the press, it was rumored that top officials of the Catholic Mutual Aid Societies close to the PSC were in favor of the fall of the Martens Government because a center-left cabinet would be more friendly toward their organization and labor in general.

LABOUR FORCE - BELGIUM



TOTAL EMPLOYMENT - BELGIUM



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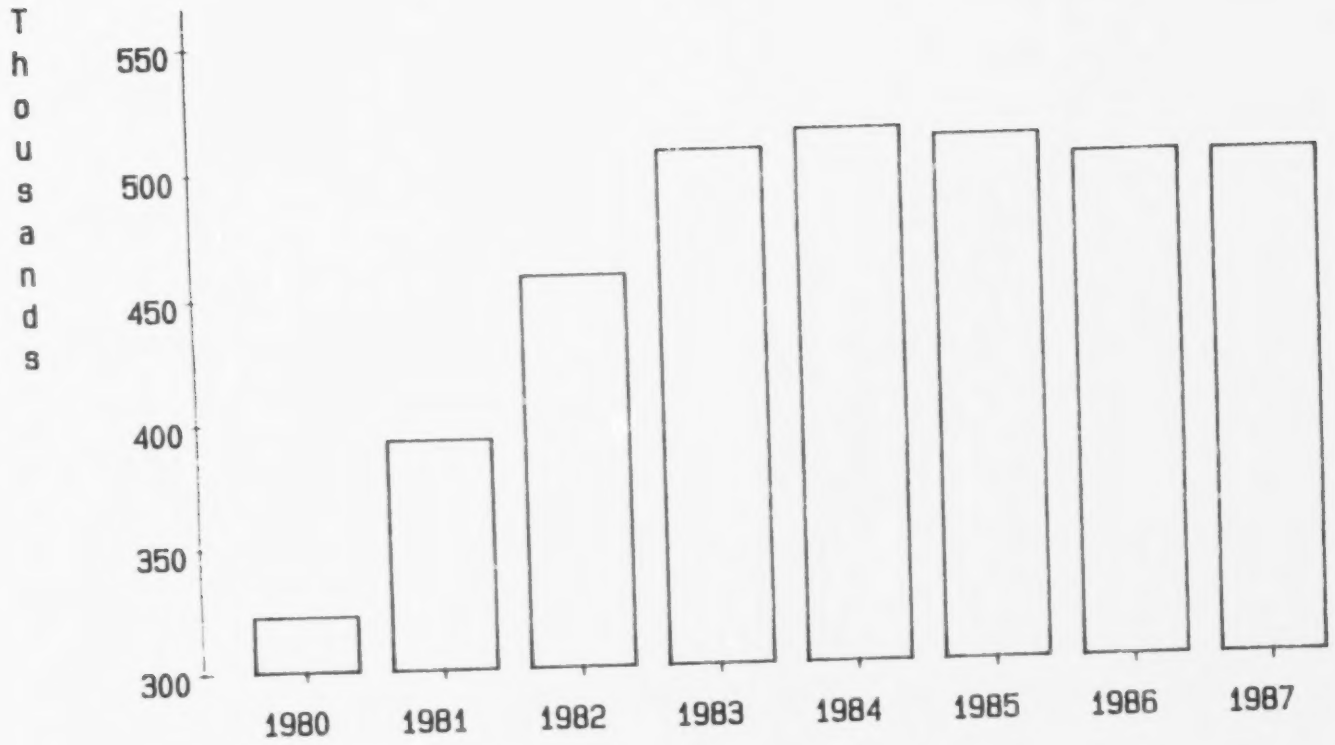

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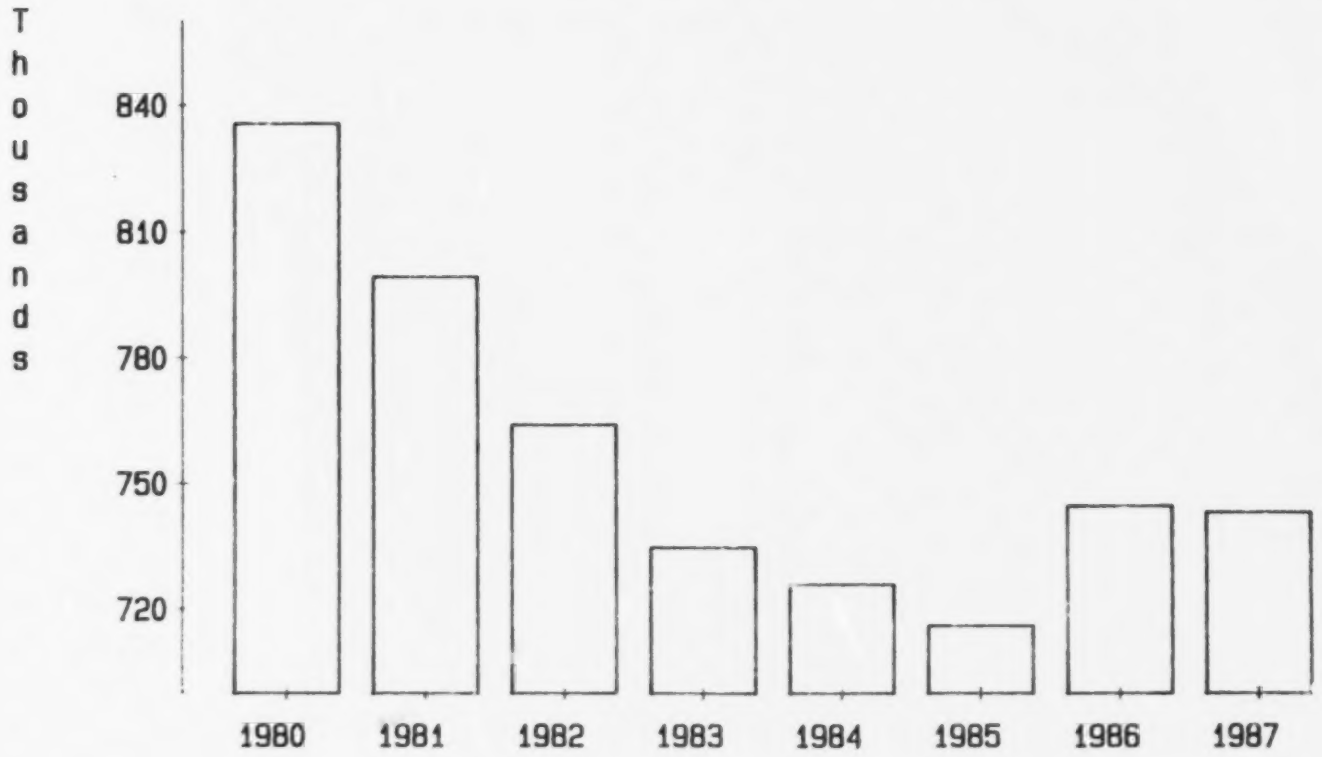

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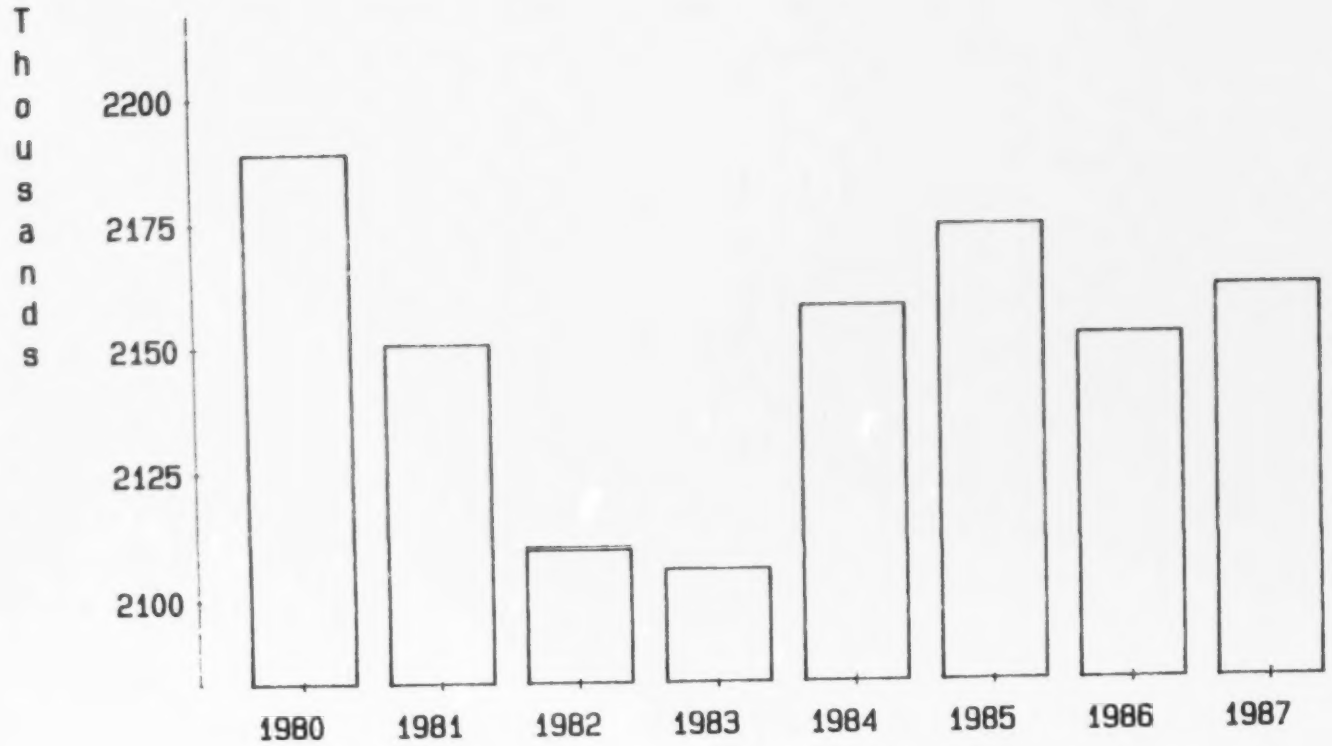
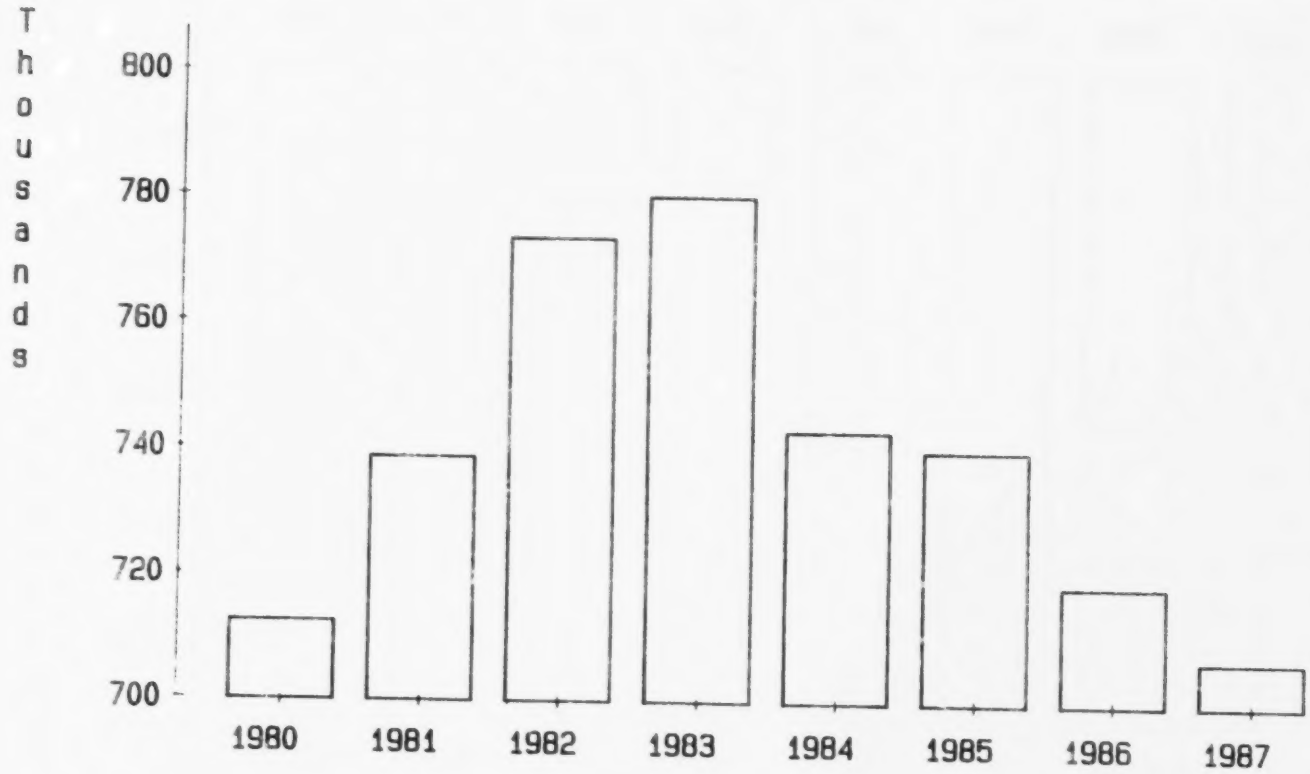


EMPLOYMENT - PUBLIC SECTOR - BELGIUM



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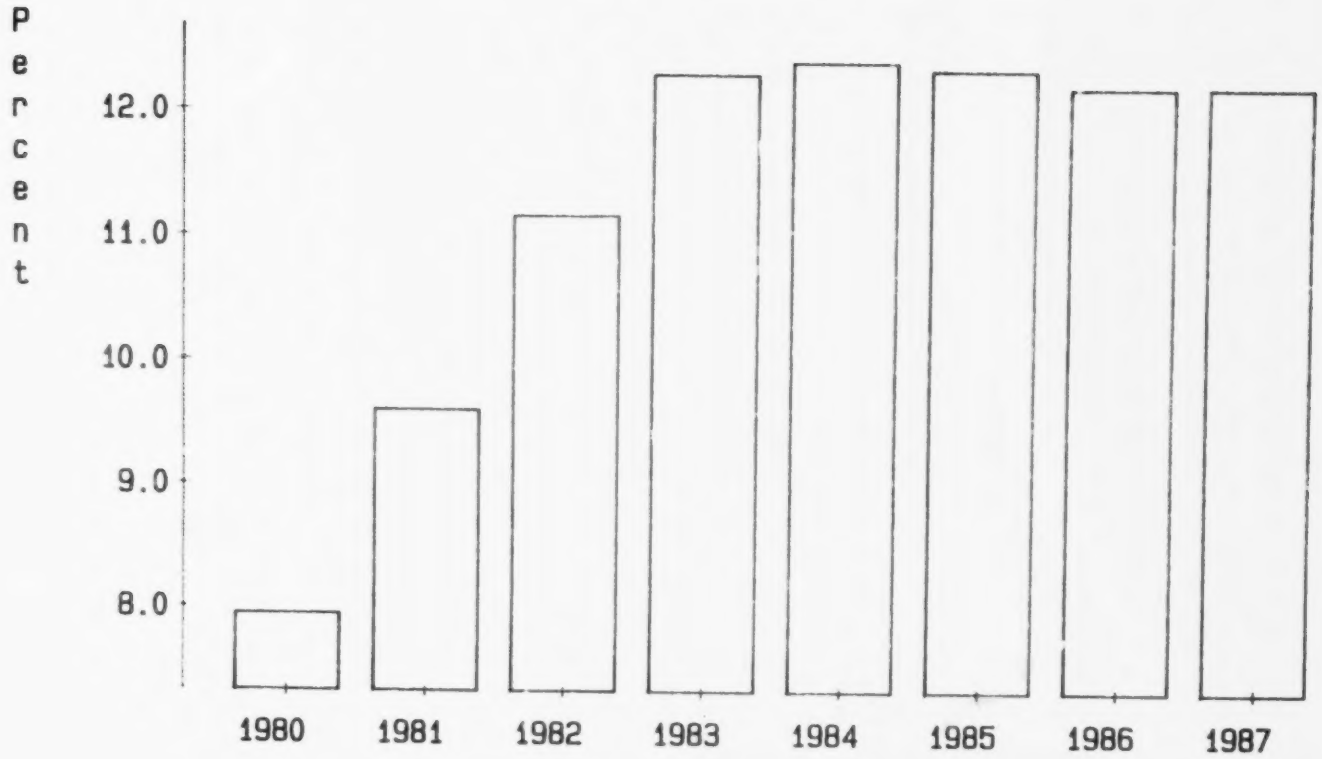
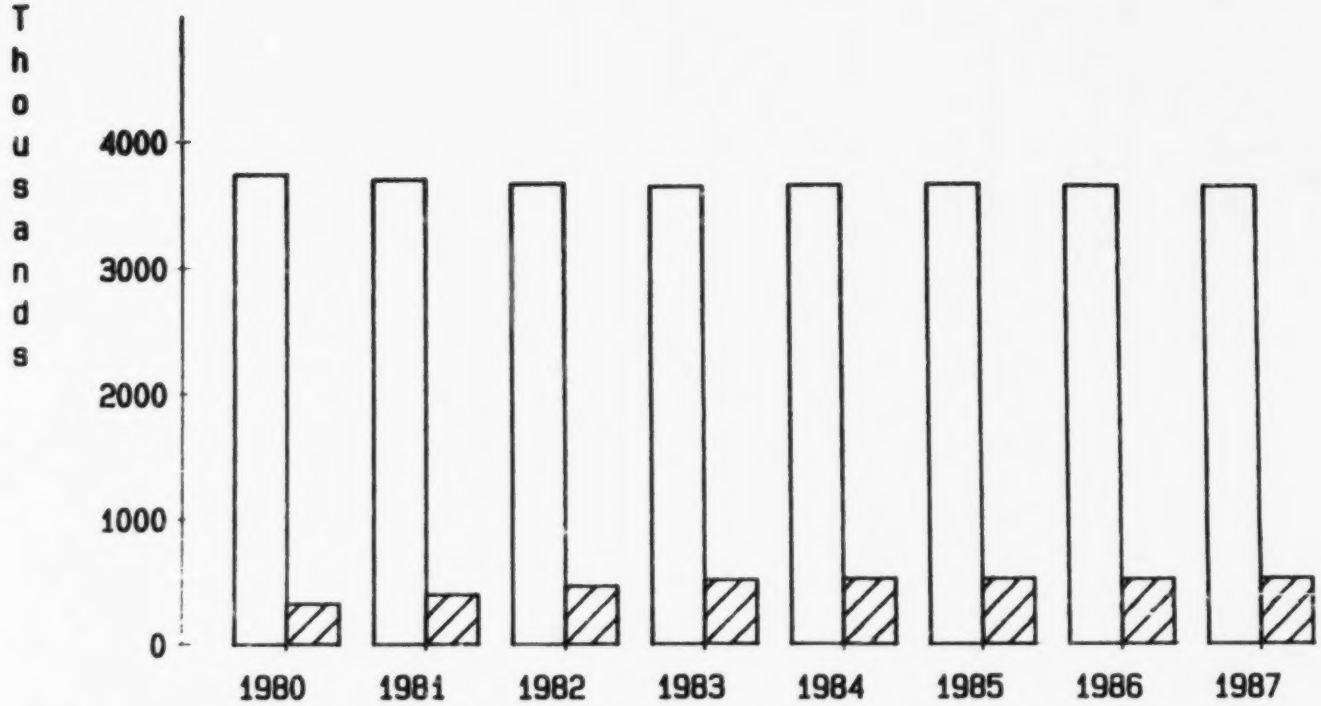
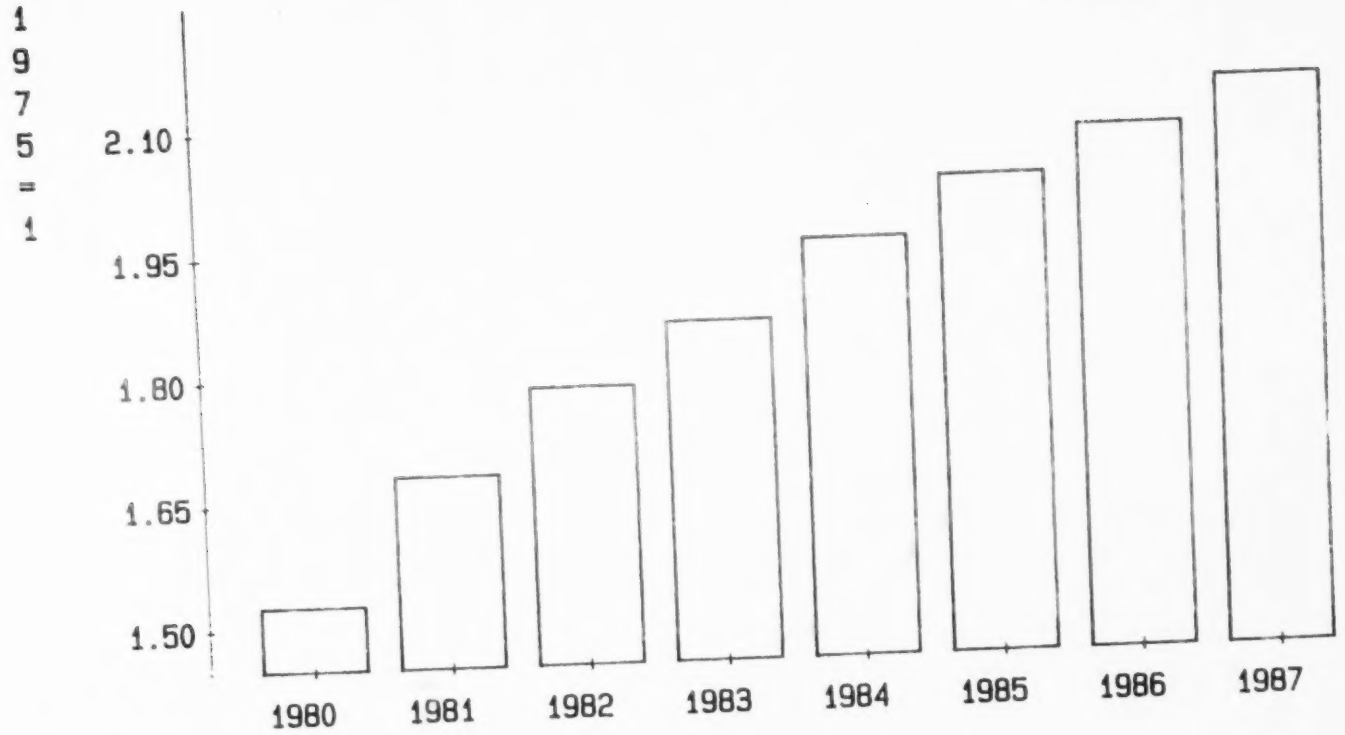


EMPLOYMENT & UNEMPLOYMENT - BELGIUM




Employment: Solid Bar Unemployment: Shaded Bar

HOURLY WAGES INDEX - BELGIUM



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